Supreme Court, U.S.
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No. 98-1872

IN THE

Supreme Court of the United States

NASHUA CORPORATION,

Petitioner,

—v.—

RICOH COMPANY, LTD., RICOH CORPORATION and RICOH ELECTRONICS, INC.,

Respondents.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

RESPONDENTS' BRIEF IN OPPOSITION

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QUESTION RESTATED

Whether the United States Court of Appeals for the Federal Circuit properly construed federal patent law when it applied 35 U.S.C. § 120, governing patents based upon continuation applications, precisely according to its terms and declined Nashua's request that the court take the unprecedented step of affording to an infringer of a patent based upon a continuation application the "intervening rights" that Congress has made available only to qualifying infringers of Section 251 reissue patents, given that the patent statute does not provide for such rights with respect to patents based upon continuation applications issued under Section 120, when neither Congress nor any court has ever suggested that intervening rights should be available to infringers of such patents, when it would be bad public policy to make such protection available to infringers of such patents, and when, even if this Court were to create for the first time intervening rights protection for infringers of such patents, the trial court found as a matter of fact that Nashua would not qualify for such protection.

STATEMENT REQUIRED BY RULE 29.6

Respondent Ricoh Company, Ltd. is the corporate parent of respondent Ricoh Corporation, which is the corporate parent of respondent Ricoh Electronics, Inc. Respondent Ricoh Company, Ltd. has issued shares to the public.

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ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

RESPONDENTS' BRIEF IN OPPOSITION

Respondents Ricoh Company, Ltd. ("Ricoh Company"), Ricoh Corporation and Ricoh Electronics, Inc. (collectively, "Ricoh"), respectfully pray that the Petition by Nashua Corporation ("Nashua") for a Writ of Certiorari to the United States Court of Appeals for the Federal Circuit be denied.

OPINION BELOW

The opinion of the United States Court of Appeals for the Federal Circuit, dated February 18, 1999, is reported at 1999 U.S. App. LEXIS 2672. A copy is annexed to the Petition for Writ of Certiorari ("Pet.") at 1a-14a.[1]

[1] Record citations in this brief refer to the appendix to the petition.

JURISDICTION

Discretionary jurisdiction of this Court to review the Decision and Judgment of the United States Court of Appeals for the Federal Circuit rests on 28 U.S.C. § 1254(1).

STATUTES INVOLVED

The petition urges this Court to engraft onto Section 120 of Title 35 of the United States Code, governing patents based upon continuation applications (which the patent at issue here undisputably is), the type of "intervening rights" protection for infringers of such patents that Congress has made available only to qualifying infringers of reissue patents (which the patent at issue here indisputably is not) under Sections 251 and 252 of Title 35. These sections of the federal patent statute provide as follows:

> **35 U.S.C. § 120** (patents based upon continuation applications)
>
> An application for patent for an invention disclosed in the manner provided by the first paragraph of Section 112 of this title in an application previously filed in the United States, or as provided by Section 363 of this title, which is filed by an inventor or inventors named in the previously filed application *shall have the same effect, as to such invention, as though filed on the date of the prior application*, if filed before the patenting or abandonment of or termination of proceedings on the first application or on an application similarly entitled to the benefit of the filing date of the first application and if it contains or is amended to contain a specific reference to the earlier filed application.

> **35 U.S.C. § 251** (reissue patents)
>
> Whenever any patent is, *through error without any deceptive intention*, deemed wholly or partly inoperative

or invalid, by reason of a defective specification or drawing, or by reason of the patentee claiming more or less than he had a right to claim in the patent, the Commissioner shall, *on the surrender of such patent* and the payment of the fee required by law, reissue the patent for the invention disclosed in the original patent, and in accordance with a new and amended application, reissue the patent for the invention disclosed in the original patent, and in accordance with a new and amended application, for the unexpired part of the term of the original patent. No new matter shall be introduced into the application for reissue.

* * *

No reissued patent shall be granted enlarging the scope of the claims of the original patent unless applied for within two years from the grant of the original patent.

35 U.S.C. § 252 (intervening rights with respect to reissue patents)

A reissued patent shall not abridge or affect the right of any person or that person's successors in business who, prior to the grant of a reissue, made, purchased, offered to sell, or used within the United States, or imported into the United States, anything patented by the reissued patent, to continue the use of, to offer to sell, or to sell to others to be used, offered for sale, or sold, the specific thing so made, purchased, offered for sale, used, or imported unless the making, using, offering for sale, or selling of such thing infringes a valid claim of the reissued patent which was in the original patent. The court before which such matter is in question may provide for the continued manufacture, use, offer for sale, or sale of the thing made, purchased, offered for sale, used or imported as specified, or for the manufacture, use, offer for sale, or sale in the United States of which substantial preparation was made before the grant of *the reissue*, and

> the court may also provide for the continued practice of any process patented *by the reissue* that is practiced, or for the practice of which substantial preparation was made, before the grant of *the reissue*, to the extent and under such terms as the court deems equitable for the protection of investments made or business commenced before the grant of *the reissue*.

(emphasis supplied).

STATEMENT OF THE CASE

This is a patent infringement lawsuit by Ricoh against Nashua arising from Nashua's manufacture and sale of replacement toner cartridges for certain Ricoh photocopiers which infringe U.S. Patent Number 4,878,603 (the " '603 Patent"), entitled TONER REPLENISHING DEVICE, which the U.S. Patent and Trademark Office (the "PTO") issued as a patent based upon a continuation application pursuant to 35 U.S.C. § 120 on November 7, 1989. The '603 Patent expires on April 9, 2004. Ricoh also accused Nashua of infringing a related and prior patent, U.S. Patent Number 4,611,730 (the " '730 Patent"), but Ricoh withdrew that claim as unnecessary and in the face of Nashua's stated intention to seek that claim's dismissal.

As its defenses, Nashua asserted a long list of factual and legal arguments: (a) that the '603 Patent is not infringed by the Nashua cartridges; (b) that the '603 Patent is invalid: (i) for failure to be enabling, (ii) for failure to disclose the best mode for practicing the described invention, (iii) for containing indefinite claims, (iv) for failing to contain a written description of the claimed invention, (v) for lacking a supplemental oath sworn by the inventors, and (vi) for obviousness; (c) that Ricoh's right to any recovery is barred by the doctrine of equitable estoppel; (d) that Ricoh's right to damages is barred by the doctrine of laches; (e) that Ricoh misused the '603 Patent through tying by refusing to sell empty

patented toner cartridges to manufacturers such as Nashua who wish to refill those cartridges with their own toner and then resell them; (f) that Ricoh misused the '603 Patent through its contracts with its authorized dealers of Ricoh products; and (g) that even if the '603 Patent were validly issued as a patent based upon a continuation application pursuant to 35 U.S.C. § 120, the court should treat it as a reissue patent under 35 U.S.C. § 251, the court should afford Nashua the type of "intervening rights" that courts can grant to qualifying infringers of reissue patents pursuant to 35 U.S.C. § 252 where equity warrants such relief and, on that basis, Nashua's infringement of the '603 Patent should be excused.

After a two week bench trial, the district court issued a 77-page Memorandum Decision, making detailed factual findings, permanently enjoining Nashua from making, using or selling the toner cartridges at issue, and scheduling further proceedings concerning the calculation of damages.[2] Among other things, the district court: (a) found that Nashua's toner cartridges infringe the '603 Patent, rejecting the claim construction urged by Nashua; (b) rejected Nashua's enablement and written disclosure objections to the '603 Patent's validity; (c) found that the '603 Patent satisfies the best mode disclosure requirement; (d) found that the '603 Patent's claims are definite; (e) found that the invention described in the '603 Patent is not obvious in light of the prior art cited by Nashua; (f) rejected Nashua's equitable estoppel and laches defenses; (g) rejected Nashua's argument that the '603 Patent should be treated as a reissue patent; and (h) rejected Nashua's patent misuse arguments.

The petition seeks this Court's review only with respect to the district court's and the Federal Circuit's rejection of Nashua's argument that, although the '603 Patent is undisputably a patent based upon a continuation application that

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[2] The district court subsequently awarded Ricoh damages in excess of $15 million. Nashua's appeal of that award is currently pending before the Federal Circuit.

was issued under Section 120, it should be treated as a Section 251 reissue patent, and Nashua should be afforded "intervening rights" protection against Nashua's infringement as if Nashua were infringing a reissue patent and Section 252, on its face applicable only to reissue patents, were to apply.

Nashua's argument in the district court and before the Federal Circuit, and now its argument in its petition, that the '603 Patent should be treated as a Section 251 reissue patent and that Nashua should be afforded intervening rights to excuse its infringement of the '603 Patent is based upon the same set of undisputed facts:

> — Ricoh's original April 1984 patent application disclosed Ricoh's invention *without* the limitations of the removability of the gear member that is disposed circumferentially around the cartridge for rotating the cartridge, and a spiral guide rib in the sidewall of the cartridge;
>
> — thereafter, Ricoh was issued the '730 Patent, which contains claims including these two limitations, but Ricoh's original application for its invention, without these limitations, remained pending while Ricoh pursued additional patent claims within the scope of the disclosure of Ricoh's invention in its original application;
>
> — during the time that Ricoh's original application remained pending in the PTO while Ricoh pursued additional claims based upon its original disclosure of its invention as authorized under Section 120, and in the course of meetings Ricoh had with Nashua to discuss Nashua's infringement of the '730 Patent with an existing Nashua toner cartridge, Nashua showed to Ricoh a toner cartridge Nashua was considering marketing that Nashua argued did not have a removable gear or spiral guide rib and thus, according to Nashua, did not literally infringe the '730 Patent claims; nonetheless, this cartridge fell within the scope of Ricoh's original disclosure

> of its invention in 1984, which was publicly available and was reviewed by Nashua's patent counsel when he advised Nashua in connection with the design of Nashua's proposed cartridge;
>
> — Nashua subsequently started making and selling this second version of Ricoh's invention, which is the subject of this lawsuit;
>
> — while Ricoh's original application for its invention was still pending in the PTO, Ricoh filed a continuation application under Section 120, seeking patent claims that did not include the two limitations in the '730 Patent claims;
>
> — the '603 Patent issued pursuant to this continuation application, and following Ricoh's agreement to a terminal disclaimer subjecting the '603 Patent to the same expiration date as the '730 Patent;
>
> — the '603 Patent contains claims based on the disclosure of Ricoh's invention that is contained in Ricoh's original April 1984 application, but without the two limitations of the '730 Patent claims; and
>
> — given the absence of these limitations in the '603 Patent, the second Nashua toner cartridge literally infringes the '603 Patent.

The district court specifically rejected Nashua's contention that the '603 Patent is a circumvention of the mandates of the reissue statute that entitles Nashua to intervening rights. The district court found that the '603 Patent is a valid patent based upon a continuation application that complies with Section 120 and the regulations governing such patents, and rejected Nashua's legal argument on the following grounds:

> Nashua points to no legal or factual basis on which this court could rest a decision that the '603 [Patent] is not the continuation patent that both Ricoh and the PTO consider it to be. Rather, Nashua boldly contends that

"Ricoh *should have* and *could have* filed the reissue of the original '730 Patent" (D. Post-Trial Mem. at 31) instead of seeking a continuation patent and executing a terminal disclaimer. In essence, Nashua seems to be crying "foul" because Ricoh applied for and received the '603 Patent after viewing Nashua's smooth-walled cartridge. Nashua's allegation of inequitable conduct rings hollow:

> It should be made clear . . . that there is nothing improper, illegal, or inequitable in filing a patent application for the purpose of obtaining a right to exclude a known competitor's product from the market; nor is it in any manner improper to amend or insert claims intended to cover a competitor's product the applicant's attorney has learned about during the prosecution of a patent application. Any such amendment or insertion must comply with all statutes and regulations, of course, but, if it does, its genesis in the marketplace is simply irrelevant and cannot of itself evidence deceitful intent.

Kingsdown Medical Consultants, Ltd. v. Hollister, Inc., 863 F.2d 867, 874 (Fed. Cir. 1988), *cert. denied*, 490 U.S. 1067 (1989). This is precisely what Ricoh did in applying for the '603 Patent, and Nashua has articulated no argument, other than those rejected herein, that the '603 continuation patent does not "comply with all statutes and regulations." *Id.* Therefore, the court rejects Nashua's intervening rights argument.

Pet. 61a-62a.

The Federal Circuit likewise rejected Nashua's argument—the same argument as Nashua asserts here—on the ground that there is no basis for treating the '603 Patent as a Section 251 reissue patent when it is indisputably a patent based upon a continuation applicaton pursuant to Section 120, and that Nashua's argument for intervening rights with respect to the

'603 Patent is completely contrary to the provisions of the federal patent statute governing patents based upon continuation applications, and therefore is properly directed to Congress, not the courts:

> Nashua contends that it is entitled to intervening rights for the products it developed during the pendency of [Ricoh's continuation application] because the '603 Patent broadened the claims of the '730 Patent over two years after the issuance of the parent patent by using a continuation application, thus impermissibly circumventing the statutory mandates of a reissue proceeding.
>
> Ricoh responds by stating that, in explicitly granting intervening rights in the context of reissue patents in the Patent Act and not in the context of continuing applications, Congress has at least implicitly rejected the notion that these separate methods of broadening patent claims are to be treated the same. Ricoh also points to the recent amendments to Sections 120 and 252 as further evidence that Congress could have provided for intervening rights in the context of continuing applications if it wanted to do so.
>
> We agree with Ricoh. Section 120, governing continuation applications, does not contain any time limit on an applicant seeking broadened claims. In contrast, Section 251, governing reissue proceedings, does contain a specific time limit of two years. Moreover, Congress specifically provided for intervening rights in Section 252 of the reissue statute, whereas Congress made no such provision for intervening rights in the context of continuation applications. "[A] limit upon continuation applications [*i.e.*, similar to the two-year limit in reissue proceedings] is a matter of policy for Congress, not for us." *In re Hogan*, 559 F.2d 595, 604 n.13, 194 USPQ 527, 536 n.13 (CCPA 1977).
>
> In addition, we have recognized the practice of filing continuation applications containing claims broader than

> those in a patent application, subject to double patenting objections, in order to encompass a competitor's product. *See, e.g., Texas Instruments Inc. v. United States Int'l Trade Comm'n*, 871 F.2d 1054, 1065, 10 USPQ 2d 1257, 1265 (Fed. Cir. 1989) (citing *Kingsdown*, 863 F.2d at 874, 9 USPQ 2d at 1390). Accordingly, absent congressional indication that intervening rights are to be applied in the context of continuation applications, we reject Nashua's argument that we should judicially adapt equitable safeguards, in contravention of established precedent, when Congress itself has declined to do so.

Pet. 5a-7a (footnotes omitted).

The Federal Circuit further noted that Congress has recently adopted safeguards against certain perceived abuses of continuation practice—so-called "submarine patents"—but tellingly these recent amendments do *not* include allowing an infringer of a patent based upon a continuation application the intervening rights that are available to qualifying infringers of reissue patents:

> In 1994, . . . Congress amended 35 U.S.C. § 154 to provide for a patent term of 20 years from the date of the earliest filed priority application, rather than 17 years from the date of issue of the patent. This amendment in effect addressed the perceived problem of so-called "submarine patents," *i.e.*, the use of continuation applications to claim previously disclosed but unclaimed features of an invention many years after the filing of the original patent application.

Pet. 6a-7a n.3. Thus, in considering the very perceived abuses that Nashua cites here, Congress declined to change the patent statute to provide for the relief that Nashua now asks this Court to create.

REASONS FOR DENYING THE WRIT

A. Summary

Nashua has not offered any valid reason, let alone a compelling reason, for this Court to review the Federal Circuit's rejection of Nashua's argument that Nashua should be afforded intervening rights to excuse its infringement of a valid patent based upon a continuation application. Notably, at the oral argument on Nashua's appeal at the Federal Circuit, the presiding judge repeatedly asked Nashua's counsel if he was aware of *any* precedent whatsoever supporting Nashua's argument that the '603 Patent should be treated as a reissue patent, and Nashua should be afforded "intervening rights" to excuse its infringement of that patent. After this question was repeated several times, finally Nashua's counsel conceded that he was aware of *no* precedent supporting Nashua's argument.

In its petition, Nashua has at least remained consistent in that it has cited *no* precedent for its argument, and indeed there is none, nor should there be. That is because Nashua's argument is contrary to the express terms of the federal patent statute, which allows qualifying infringers intervening rights with respect to Section 251 reissue patents, which are issued by the PTO upon the surrender of an initial patent, but does not allow infringers intervening rights with respect to patents based upon continuation applications issued pursuant to Section 120, which are wholly distinct from reissue patents. Patents based upon continuation applications are issued by the PTO with the effective date of a prior patent application often when the inventor has been awarded a prior patent containing narrower claims, but *only* if it is determined that he should be awarded one or more additional claims *that are within the scope of his original disclosure of his invention in his original patent application*. This is perhaps the key substantive restriction on patents based upon continuation applications that Nashua's argument repeatedly assumes away, especially

in its petition, in which Nashua mischaracterizes the '603 Patent as a "double patent," as "recapturing claims" Ricoh supposedly "surrendered" in its patent prosecution, as somehow having been issued in the face of unidentified file wrapper estoppels, or as an undesirable evil. Nashua does not dispute that the claims Ricoh was awarded in the '603 Patent are *within* the scope of Ricoh's original disclosure of its invention in its original patent application.

Thus, to allow Nashua intervening rights with respect to the '603 Patent would be bad public policy. The claims of the '603 Patent indisputably are *within* the scope of Ricoh's original 1984 patent disclosure, and thus the infringing cartridge Nashua began selling with full knowledge of the contents of Ricoh's patent application truly is an embodiment of *Ricoh's* invention as Ricoh originally disclosed that invention.

More importantly, however, such relief would be directly contrary to the statutory scheme, which affords the possibility of intervening rights relief with respect to reissue patents—which the '603 Patent indisputably is *not*—but not patents based upon continuation applications—which the '603 Patent indisputably *is*. Hence, in the guise of a petition for *certiorari* review, Nashua is actually asking this Court to *legislate*, to change well-settled rules of patent law and practice in ways that Congress has eschewed.

Finally, even if Nashua were correct and the law should be changed to permit Nashua to seek equitable intervening rights, the district court found as a matter of fact that Nashua did *not* act equitably in this matter, and thus would *not* be entitled to intervening rights even if it could pursue them. Pet. 59a-62a.

Nashua has not shown that this Court's review is required by any conflict between the Federal Circuit's ruling and apposite precedents of this or any other court. This Court should reject Nashua's invitation to legislate and change patent law and practice, and reject the petition as completely unwar-

ranted and unjustified. As the Federal Circuit properly told Nashua, if Nashua desires a change in the law, Nashua's recourse is to Congress, not the courts, and certainly not this Court.

B. Nashua Has Not Satisfied The Requirements For Obtaining This Court's Discretionary Review

Supreme Court Rule 10 provides that "[r]eview on a writ of certiorari is not a matter of right, but of judicial discretion. A petition for a writ of certiorari will be granted only for compelling reasons." The "character of the reasons" the Court considers in determining whether to grant review include whether the circuit court's "decision [is] in conflict with the decision of another circuit court on the same important matter," the decision "has so far departed from the accepted and usual course of judicial proceedings, or sanctioned such a departure by a lower court, as to call for an exercise of this Court's supervisory power" or the circuit court "has decided an important question of federal law that has not been, but should be, settled by this Court, or has decided an important federal question in a way that conflicts with relevant decisions of this Court." Sup. Ct. R. 10. None of these reasons for granting review exists here.

1. The Federal Circuit's Decision Does Not Conflict With Any Relevant Prior Decisions Of This Court Or Of Other Circuit Courts

The Federal Circuit's decision in this case does not conflict with decisions of other circuit courts or with relevant decisions of this Court. Nashua attempts to create the appearance of a conflict where none exists by, among other things, improperly ignoring the distinction between patents based upon continuation applications that are issued under Section 120 and reissue patents issued under Section 251. Nashua does not argue, because it cannot, that this Court or any circuit court has held that intervening rights exist with respect

to a *validly issued* patent based upon a continuation application. Instead, Nashua cites numerous precedents involving reissue patents, file wrapper estoppels and so-called "double patents"—issues that, as set forth below, are not involved in this case—and then concocts imaginary conflicts between those precedents and the Federal Circuit's decision here.

The Federal Circuit's decision is consistent with the clear and unequivocal language of Section 120 and with all *relevant* prior precedents. *See, e.g., Texas Instruments, Inc. v. United States Int'l Trade Comm'n*, 871 F.2d 1054, 1065 (Fed. Cir. 1989); *Kingsdown Med. Consultants, Ltd. v. Hollister, Inc.*, 863 F.2d 867, 874 (Fed. Cir. 1988), *cert. denied*, 490 U.S. 1067 (1989). Indeed, Nashua concedes the absence of any prior conflicting precedents in its petition when it admits that it "had hoped that this case would be yet 'another day' where the Federal Circuit would provide *the additional* protection that the CCPA predicted might be needed under a different set of facts." Pet. 14 (emphasis supplied). Nashua correctly notes that neither Congress nor any court has provided the "additional protection" Nashua seeks here. Accordingly, the only real conflict exists between the law as clearly stated in the statute and well-settled precedents, and the law as Nashua would like it to be. Nashua's unrequited hope that the Federal Circuit would legislate and provide "additional protection" that is not provided for by Congress, or go beyond well-settled precedents, does not constitute a "compelling reason" for this Court to grant discretionary review.

2. The Federal Circuit's Decision Does Not Raise An Important Question Of Federal Law That Should Be Settled By This Court

The Federal Circuit's decision in this case does not raise an important question of federal law that has not been, but should be, settled by this Court. The Federal Circuit merely applied the clear and unequivocal language of the federal patent statute and applied its provisions to allow for inter-

vening rights in the context of reissue patents, but not patents based upon continuation applications. Congress could not have been clearer on this issue, by providing in Section 120 that a patent based upon a continuation application shall have the *same effective date* as the prior application to which it relates, and by *not* providing for intervening rights with respect to a patent based upon a continuation application when Congress *did* provide for such rights with respect to reissue patents.

Not surprisingly, Nashua fails to cite a single precedent that has interpreted Section 120 differently. This Court need not and should not review such a straightforward and uncontroverted interpretation of an unambiguous statute. Indeed, as Nashua fails to note in its petition, the Federal Circuit designated its decision as not citable pursuant to Fed. Cir. R. 47.6, which provides that "[o]pinions and orders which are designated as not citable as precedent are those unanimously determined by the panel at the time of their issuance as not adding significantly to the body of law." Were this Court to disagree with the distinction Congress drew with respect to the availability of intervening rights for reissue patents, but not patents based upon continuation applications, it would be the role of Congress, not this court, to change it. *See In re Hogan*, 559 F.2d 595, 604 n.13 (C.C.P.A. 1977) ("[A] limit upon continuing applications is a matter of policy for the Congress, not for us.").

A. Nashua Is Improperly Blurring The Distinction Between Reissue Patents And Patents Based Upon Continuation Applications

There is no basis for Nashua's attempt to blur the distinction between Section 251 reissue patents and patents based upon continuation applications that are issued under Section 120. The two are entirely different with entirely different roles in patent law and practice. Section 251 provides a statutory basis for correcting an "error" in a patent which renders the patent "wholly or partly inoperative or invalid." 35 U.S.C.

§ 251; *see also, e.g., In re Bennett*, 766 F.2d 524, 528 (Fed. Cir. 1985) (*en banc*) ("The purpose of the reissue statute is to remedy errors."). Section 251 requires that when a reissue patent is granted, the existing defective patent be surrendered. One who seeks to invoke Section 251 to correct a patent must demonstrate that he intended to claim what he now seeks to obtain in the reissue patent, and that his failure to do so was the result of "error" without any "deceptive intention." *See, e.g., In re Weiler*, 790 F.2d 1576, 1581-83 (Fed. Cir. 1986).

Thus, a patentee can seek a reissue patent when he did not believe he had any reason to seek additional claim coverage by, for example, adding or modifying claims or by appealing the PTO's denial of claims he had sought earlier, and therefore the patentee allowed the proceedings on his application to terminate. If the applicant discovers later that he was wrong, and failed to obtain the patent to which he was entitled, Section 251 gives him an opportunity to correct the error.

A patentee relies upon Section 120 in seeking a patent based upon a continuation application for completely different reasons. Section 120 does not involve any issue of error, or any requirement that the applicant show that a patent he obtained earlier is defective or invalid because of a mistake. Rather, Section 120 facilitates an inventor's obtaining *full protection* for his invention to the extent of his disclosure in his original application by establishing an effective filing date based on the date of the earliest application that disclosed the invention.

Section 120 specifically contemplates that an inventor may obtain more than one patent from his original application. Indeed, Section 120 imposes no limit on the number of applications that may be filed. *In re Henriksen*, 399 F.2d 253, 255 (C.C.P.A. 1968). Section 120, unlike Section 251 for reissue patents, imposes no requirement that earlier-obtained patents be surrendered in order to obtain additional patents later.

An applicant of course cannot obtain two or more claims that are precisely the same. *In re Eckel*, 393 F.2d 848, 856

(C.C.P.A. 1968). If a patent claim sought under Section 120 is not the same as an earlier-issued claim, but is an "obvious" variation on the earlier claim, the applicant can obtain the later patent by disclaiming the portion of the later patent's term that would extend beyond that of the earlier patent, as Ricoh did here in disclaiming any additional period of protection under the '603 Patent beyond the expiration date of the earlier-issued '730 Patent.

As discussed below, the Federal Circuit and its predecessor have consistently observed that this terminal disclaimer practice is beneficial to the public. *See, e.g., Quad Environmental Tech. Corp. v. Union Sanitary Dist.*, 946 F.2d 870, 873-75 (Fed. Cir. 1991); *Eckel*, 393 F.2d at 857; *In re Jentoft* , 392 F.2d 633, 641 (C.C.P.A. 1968); *In re Braithwaite*, 379 F.2d 594, 601 (C.C.P.A. 1967). It allows an applicant to obtain the full protection to which he is entitled, albeit in different patents, and allows the public to have the invention disclosed earlier (in the first patent to be obtained) and (under the prior version of Section 154, which provided for a patent term of 17 years from the date of issue) causes the term of the inventor's monopoly to begin and expire earlier.

If, for example, claims drawn to a specific embodiment of an invention can be allowed more quickly than broader claims that more fully cover the scope of the invention, the public benefits from having the narrow claims issue early and the broader claims issue later, so long as a terminal disclaimer is filed for the later patent. The alternative would be to hold up the entire case until *both* the narrow and the broader claims can be evaluated and allowed, resulting in later disclosure to the public and later expiration of the patent term.

Thus, Section 120 and Section 251 have different purposes, different rationales and different requirements. Nashua's assertions that a valid patent based upon a continuation application such as the '603 Patent constitutes an impermissible or pernicious "double patent" and that "a patentee may only broaden the scope or coverage of an *issued* patent under the

strict 'reissue' guidelines . . .", Pet. 2, are contrary to the express provision of the patent statute, and are—as the absence of supporting citations suggests—sheer fabrications. There is no basis for, and no wisdom in, Nashua's proposal that a patent based upon a continuation application be treated as if it were instead a Section 251 reissue patent.

B. There Is No Basis For Nashua's Argument That Ricoh Acted Improperly In Obtaining The '603 Patent

Nashua does not contend that Ricoh failed to comply with Section 120's requirements for patents based upon continuation applications. Rather, Nashua attempts to impugn Ricoh for obtaining such a valid patent in order to secure literal claim coverage over the version of Ricoh's invention that Ricoh disclosed but did not literally claim in the '730 Patent, and that Nashua started making after Ricoh told Nashua that Nashua's prior cartridge infringed the '730 Patent. It is undisputed that the invention claimed in the '603 Patent was disclosed in and supported by the original application from which the '603 Patent issued. By abandoning the obviousness attack on the '603 Patent that it made in the district court, Nashua now also concedes that the invention claimed in the '603 Patent was not obvious in view of the prior art.

Thus, what Nashua is trying to defend is its poaching of an invention that Ricoh invented, publicly disclosed in its original PTO application in 1984 and made the subject of a continuation application in 1988, all in accordance with well-settled law and practice. As the district court remarked in rejecting Nashua's reissue argument below, "Nashua's allegation of inequitable conduct rings hollow." Pet. 61a. Further, as the Federal Circuit has noted:

> [T]here is nothing improper, illegal or inequitable in filing a patent application for the purpose of obtaining a right to exclude a known competitor's product from the market; *nor is it in any manner improper to amend or*

> *insert claims intended to cover a competitor's product the applicant's attorney has learned about during the prosecution of a patent application.* Any such amendment or insertion must comply with all statutes and regulations, of course, but, if it does, its genesis in the marketplace is simply irrelevant and cannot of itself evidence deceitful intent.

Kingsdown, 863 F.2d at 874 (citation omitted) (emphasis supplied); *see also Texas Instruments*, 871 F.2d at 1065 (same).

Nashua also is mistaken in suggesting that Ricoh filed the continuation application that matured into the 4,744,493 patent, which was issued after the '730 Patent and before the '603 Patent and covers the combination of the toner cartridge and the structure in the copier that receives the cartridge, "to serve as a place holder" and keep the patent application alive so that Ricoh could file an application for claims to cover Nashua's version of the Ricoh invention. Pet. 5-6. Ricoh filed this application in May 1986, *before* Nashua purportedly attempted to design around the '730 Patent, and, indeed, before the '730 Patent had even been issued. The proper inference to draw from the fact that Ricoh had not terminated the proceedings on its application is that Ricoh had not yet obtained the full scope of patent protection to which it believed it was entitled and, as the issuance of the '603 Patent demonstrates, to which Ricoh was entitled.

Nor is there any basis for Nashua's argument that the '603 Patent is somehow "a secret or 'submarine' patent application" that "sandbag[s] the competition" because it undermines the justifiable expectations of "those members of the public who have developed non-infringing products in reliance upon the scope of a first issued patent. . . ." Pet. 2-3, 14. Again, the claims of the '603 Patent are indisputably *within* the scope of the disclosure of Ricoh's invention in its original April 1984 patent application. Moreover, the statutory availability of continuation practice to obtain additional claims within the scope of an application's original disclosure is a matter of

public record, and within the knowledge and understanding of every capable patent law attorney. Ricoh's original disclosure of its invention was available to Nashua in the '730 Patent and that patent's publicly available prosecution file, and Nashua's patent counsel reviewed these materials at the request of Nashua *before* Nashua proposed the infringing cartridge at issue. This placed Nashua and its patent counsel on notice when Nashua proposed its cartridge that Ricoh's original disclosure was broad enough to support a patent based upon a continuation application with claims that would not include the '730 Patent limitations around which Nashua purported to design, and that such a patent would enjoy the same effective date as the '730 Patent. Hence, Nashua also was on notice that its cartridge could be subject to an injunction for infringing such a patent were one to issue. Again, this is as it should be, because so long as Nashua's cartridge is within the scope of Ricoh's original disclosure—as it indisputably is—it embodies Ricoh's invention.

Thus, at bottom, Ricoh's publicly available initial disclosure and the publicly-known availability of patents based upon continuation applications contradict Nashua's fanciful notion that it "developed [a] non-infringing produc[t] in reliance upon the scope of a first issued patent only to find [itself] purportedly infringing a later issued 'double patent' based on a secret or 'submarine' patent application." Pet. 2-3.

Equally baseless is Nashua's repeated refrain that Ricoh somehow effected a "recapture of material previously dedicated to the public" or circumvented a "file wrapper estoppel" of what it "surrendered" during the prosecution of the '730 Patent. Pet. 3 & n.1. Again, the very existence of the statutory procedures—with which Ricoh indisputably complied—contradicts Nashua's fallacious premises that Ricoh "surrendered" anything when it allowed the '730 Patent to issue with narrower claims than those to which Ricoh believed it was entitled based upon its original disclosure, that Ricoh "recaptured" anything when it later obtained claims in the '603 Patent that

are broader than those in the '730 Patent but still *within* the scope of Ricoh's original disclosure, or that Ricoh was "estopped" from obtaining broader claims because it accepted the narrower claims of the '730 Patent. As set forth above, continuation practice—when combined with the terminal disclaimer practice that was also followed here—allows an applicant to obtain the *full protection* to which he is entitled based upon his initial disclosure, and benefits the public by providing for the earlier disclosure of the invention and, under the prior statutory regime which fixed the patent term from the date of issue, by causing the inventor's monopoly to expire earlier. So long as the second patent's claims are within the inventor's original disclosure—as is indisputably the case here—there is no "surrender," nothing to "recapture" and no inconsistent action to support an "estoppel."

Nor should Nashua be heard to invoke the specter of the "submarine" patent. *See, e.g.*, Pet. 8. First, applications for continuation patents are no more "submarine" than initial applications, so long as they are timely made. If Nashua has an objection to the secrecy of *all* patent applications, *see, e.g.*, Pet. 6 (". . . Ricoh secretly filed the application leading to the '603 [Patent] . . . ."), that objection also is for Congress, not this Court. Further, as the Federal Court noted in this case, in 1994 Congress adopted safeguards against perceived abuses of continuation practice which tellingly did *not* include providing for intervening rights. *See* Pet. 7a n.3.

Moreover, even if this Court were to entertain Nashua's argument in theory, that argument would still be contradicted by the facts. The factual premise of Nashua's argument is that Nashua modified its toner cartridge to fall outside the limitations the PTO Examiner had identified as reasons for granting the '730 Patent, reasoning that if Nashua fell outside those limitations, it did not need to worry about a later patent that did not include those limitations. Pet. 4-5. But in fact Nashua eliminated only *one* of the two limitations the Exam-

iner had identified. In the Notice of Allowability of the '730 Patent, the Examiner stated:

> The primary reasons for allowance of the claims are the provisions for the gear toothed bearing member disposed on the external surface of the cartridge for rotation of the cartridge, and being removable and mateable with the cartridge. These provisions are found in the claims and not in the prior art.

Nashua did *not* eliminate the most important limitation identified by the Examiner, "the gear toothed bearing member disposed on the external surface of the cartridge for rotation of the cartridge" itself.

C. Only Congress Can Change The Law As Nashua Urges

Even assuming *arguendo* that Nashua's argument had any merit, either theoretically or on the facts found below, the relief Nashua seeks would require this Court to overrule Congress by amending Section 120 to create intervening rights for infringers such as Nashua. But Congress knows how to provide for intervening rights if it chooses, having done so with respect to reissue patents under certain circumstances. *See* 35 U.S.C. § 252. Indeed, Congress amended both Section 252 (in 1994)[3] and Section 120 (in 1984),[4] but has not provided for intervening rights with respect to patents obtained under Section 120.

Nashua unwittingly concedes that it is asking this Court to legislate and circumscribe continuation practice in ways that Congress has *not* chosen to adopt in this telling passage from the petition:

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[3] *See* Pub. L. 103-465, Title V, § 533(b)(2), 108 Stat. 4989 (Dec. 8, 1994).

[4] *See* Pub. L. 98-622, Title I, § 104(b), 98 Stat. 3385 (Nov. 8, 1984).

> Although Ricoh argues otherwise, we do not challenge here the continuation laws (35 U.S.C. § 120) in general, but the abuse of these laws by the creation of "submarine" "double patents" which are identical in effect to reissue patents but which circumvent the stringent controls and public protection applied to reissues under 35 U.S.C. §§ 251-52.

Pet. 12 n.7. As noted above, Nashua's charge that the '603 Patent is somehow a "submarine" or "double patent" is based on wholly fictional premises. The key point here is that, in this passage, Nashua concedes that it is asking this Court to subject patents based upon continuation applications to the limitations that Congress has prescribed only for *reissue* patents. There could be no clearer indication that Nashua is asking this Court to *legislate*, rather than adjudicate.

Finally, any such change in the law would be prospective, of course, which also would be appropriate. To apply to Ricoh a change in the law *retroactively* as Nashua proposes would deprive Ricoh of rights upon which it has relied, and thus would be grossly unfair. *Cf. Henriksen*, 399 F.2d at 261-62.

D. There Is No Policy Reason To Change The Law

The purported policy considerations Nashua advances in aid of its argument are not supported by the law or patent prosecution practice.

(i) Terminal Disclaimers

Nashua assumes that using a terminal disclaimer to overcome a nonstatutory double patenting objection is improper and to be mistrusted. That assumption is unfounded. First, terminal disclaimers are permitted only to overcome an obviousness-type double patenting rejection, which—unlike the same invention double patenting objection—is *judicially* created rather than required by statute. *Gerber Garment Tech., Inc. v. Lectra Sys., Inc.*, 916 F.2d 683, 686 (Fed. Cir. 1990);

Ortho Pharmaceutical Corp. v. Smith, 959 F.2d 936, 940 (Fed. Cir. 1992).

Second, Congress contemplated the use of terminal disclaimers to overcome double patenting objections when it enacted Section 253 of the Patent Act in 1952. *See* Commentary of P. J. Federico, advisor to the Congressional subcommittee that crafted the 1952 amendments to the statute, during the hearings on H.R. 3763, later H.R. 7794, *reprinted in In re Robeson*, 331 F.2d 610, 614 n.4 (C.C.P.A. 1964) (noting that the proponents of Section 253 "*contemplated that it might be effective in some instances, in combating a defense of double patenting*, to permit the patentee to cut back the term of a later issued patent so as to expire at the same time as the earlier issued patent *and thus eliminate any charge of extension of monopoly*") (emphasis supplied).

Further, as noted above, the Federal Circuit and its predecessors and the PTO have emphasized that terminal disclaimer practice is in the public interest. *See, e.g., Quad Environmental*, 946 F.2d at 873 ("Voluntary limitation of the term of the later-issued patent is a convenient response to an obvious [ness]-type double patenting rejection, when the statutory requirement of common ownership is met. Any possible enlargement of the term of exclusivity is eliminated, while enabling some limited protection to a patentee's later developments."); *Eckel*, 393 F.2d at 857 ("the use of terminal disclaimers in such cases results in a clear benefit to the public"); *Jentoft*, 392 F.2d at 641 (noting the "advantages to the public" of terminal disclaimers); *Braithwaite*, 379 F.2d at 601 (noting that the applicant's filing of a terminal disclaimer to obtain a second patent "appears to us to have been to the advantage of the public—rather than to himself"); *Manual of Patent Examining Procedure*, 804.02, at 800-24 (July 1996) ("The use of a terminal disclaimer in overcoming a nonstatutory double patenting rejection is in the public interest because it encourages the disclosure of additional developments, the earlier filing of applications, and the earlier expi-

ration of patents whereby the inventions covered become freely available to the public.").

Nashua's proposed rule would mean that a patent applicant could not utilize a terminal disclaimer without incurring a risk that the patent he obtains would be held unenforceable against infringers. The inevitable result would be that terminal disclaimer practice would be curtailed. Applicants would be forced to fight nonstatutory double patenting rejections, thereby wasting the resources of the PTO and the courts, and applicants' own resources, rather than simply overcoming the rejection by dedicating to the public a portion of the applicants' requested patent term.

(ii) File Wrapper Estoppel

Nashua has attempted to raise the specter of terminal disclaimers being used to overcome file wrapper estoppel, alluding repeatedly in its petition to Ricoh having avoided file wrapper estoppels arising during the prosecution of its patent applications. But there are no instances of file wrapper estoppel here—certainly Nashua has identified none—and, of course, if there had been, Nashua could have made such an estoppel argument to limit Ricoh's rights. It did not do so on a timely basis, and cannot do so here.[5]

Moreover, as Judge Rich explained in *Jentoft*, there is no basis for concern that terminal disclaimers might be used to overcome file wrapper estoppels, because the effect of a file wrapper estoppel cannot be avoided by filing a second application together with a terminal disclaimer. Rather, the claim in the second patent will be held subject to file wrapper estoppel based on the prosecution of the application for the first patent. Thus, the *Jentoft* court observed, the argument that terminal disclaimers should be disfavored because they might

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[5] Nashua's argument that Ricoh conceded file wrapper estoppel at the oral argument before the Federal Circuit, Pet. 6 n.4, is patently false.

be used to overcome file wrapper estoppel "is totally wanting in substance." 392 F.2d at 640-41.

(iii) PTO Statement Of Reasons For Allowance

Nashua's argument also gives controlling significance to the PTO's Notice of Allowability of the '730 Patent, and specifically to the statement of reasons for allowance of that patent. Nashua argues that this statement should definitively limit the scope of any patent Ricoh could subsequently obtain under Section 120. But each application for a patent stands alone. This is demonstrated by the fact that in allowing the '603 Patent, the Examiner identified as limitations that patentably define over the art of record not only the "gear driving means extending circumferentially of the body [for] driving the cartridge" that previously had been identified in allowing the '730 Patent, but also "the provisions for the mouth portion being in rotational and sealing engagement within the cap shaped receptacle of the toner replenishing device."

Further, the *same* PTO Examiner (and Supervisory Patent Examiner) allowed the '730 and the '603 Patents. If, as Nashua suggests, the Examiner meant the statement of reasons for allowance of the '730 Patent to be exclusive, he would not have later allowed the '603 Patent, which does not include one of these limitations. Because the same Examiner allowed both patents, Ricoh cannot be suspected of using the continuation process to obtain from a second examiner what it could not obtain from an earlier one.

E. Equity Does Not Support Nashua's Argument For Intervening Rights

Finally, even if the '603 Patent were treated as a reissue patent, the "intervening rights" Nashua seeks are a matter of discretion for the court, and are to be granted only "to the extent and under such terms as the court deems equitable for the protection of investments made or business commenced before the grant of the reissue." 35 U.S.C. § 252.

Courts have denied equitable intervening rights because the investment by the infringer in the infringing products prior to the reissue was insubstantial and offset by the profits the infringer had realized. *See Wayne Gossard Corp. v. Sondra, Inc.*, 434 F. Supp. 1340, 1363 (E.D. Pa. 1977), *aff'd*, 579 F.2d 41 (3d Cir. 1978); *White v. Fafnir Bearing Co.*, 263 F. Supp. 788, 811-12 (D. Conn. 1966), *aff'd*, 389 F.2d 750 (2d Cir. 1968). Here, before even the '730 Patent issued, Nashua had begun selling a toner cartridge which had a spiral guide rib in the sidewall and a removable gear member. Nashua's modification of this cartridge in 1987 to the smooth-walled cartridge with a purportedly non-removable gear involved a change of molds, which cost Nashua $71,390. This investment is minimal in relation to the fact that, after the '603 Patent issued, Nashua sold several million dollars worth of infringing cartridges and caused Ricoh several million dollars in damages.

Further, the district court specifically found as a matter of fact that the equities do *not* favor Nashua:

> Nashua is only entitled to the equitable defenses it asserts if the equities of the case as a whole favor relief. Here, Nashua appears to "have made a deliberate business decision to ignore [a] warning, and to proceed as if nothing had occurred." *Hemstreet v. Computer Entry Sys. Corp.*, 972 F.2d 1290, 1294 (Fed. Cir. 1992). . . . Nashua's claimed failure to recognize Ricoh's intent to enforce its rights under the '603 Patent is, if sincere, necessarily attributable to willful blindness on the part of Nashua executives.

Pet. 59a-60a. The district court further noted that "the evidence demonstrates that Nashua went forward with the smooth-walled cartridge either in spite of or in conscious disregard of Ricoh's conduct; Nashua understood well the game being played and, knowing the risks, consciously took them." Pet. 59a.

CONCLUSION

For the foregoing reasons, Ricoh respectfully requests that this Court deny the petition.

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